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RUEHMO/AMEMBASSY MOSCOW 0085
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RUEHKO/AMEMBASSY TOKYO 6458
RUEHGH/AMCONSUL SHANGHAI 1063
RUEHSH/AMCONSUL SHENYANG 4807
RUEHIN/AIT TAIPEI 3778
RUEHGP/AMEMBASSY SINGAPORE 6974
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SUBJECT: SEOUL - PRESS BULLETIN; July 31, 2009

TOP HEADLINES

Chosun Ilbo

ROK Household Debt Up 52 Percent in Past Five Years while Average Household Income Increases 25 Percent

JoongAng Ilbo, Dong-a Ilbo, Hankook Ilbo, Seoul Shinmun
New Loan Plan for Poor Students; Repayment
can be Delayed until Work is Found

Hankyoreh Shinmun

ROK Gives Up Presidency
for International Human Rights Agency

Segye Ilbo

President Lee: "We Cannot Afford to Go Slow
on Corporate Restructuring"

DOMESTIC DEVELOPMENTS

According to the Unification Ministry and military authorities, an ROK fishing boat carrying four crew members was seized and towed to a North Korean port yesterday morning after straying north of the border off the east coast. The ROKG called for the immediate release of the boat and crew members via an inter-Korean maritime communication line, but the North simply said that an investigation is underway. (All)

A North Korean fishing boat, meanwhile, drifted into the ROK's waters in the West Sea (Yellow Sea) yesterday afternoon, but was shortly towed back by a North Korean patrol boat. (All)

INTERNATIONAL NEWS

Victor Cha, professor at Georgetown University and former Director for Asian Affairs at the National Security Council, said during a July 23 (Washington time) discussion with senior journalist Kim Young-hie that "if North Korea repeatedly demands bilateral talks (with the U.S.), Washington will find it difficult to continue to

reject the North's demand." (JoongAng)

MEDIA ANALYSIS

-N. Korea

Yesterday's seizure by North Korea of an ROK fishing boat carrying four crew members received wide press coverage. The media reported that the fishing boat was tugged away by a North Korean patrol boat after straying north of the border off the east coast yesterday morning. According to media reports, the ROKG called for the immediate release of the boat and crew members via an inter-Korean maritime communication line, but the North simply responded that an investigation is underway.

Most newspapers noted North Korea's previous practice of returning ROK ships within a few days if they mistakenly strayed into North Korean waters, and expected that the incident will not become a major variable in inter-Korean relations. Right-of-center JoongAng Ilbo observed that how North Korea deals with this situation will become a gauge of future inter-Korean ties. Conservative Dong-a Ilbo wrote in the headline: "Another Obstacle for Strained Inter-Korean Relations? A Bridgehead for Resuming Talks?" Moderate Hankook Ilbo's headline read: "Possibility that N. Korea May Use the Seizure as New Pressure Card against ROK"

Right-of-center JoongAng Ilbo carried a July 23 (Washington time)

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discussion between its senior journalist Kim Young-hie and Victor Cha, professor at Georgetown University and former Director for Asian Affairs at the National Security Council. The paper quoted Victor Cha as saying: "The Obama Administration will concentrate its efforts on resuming the Six-Party Talks in the first place, but if North Korea repeatedly demands bilateral talks, Washington will find it difficult to continue to reject the North's demand."

FEATURES

"IT WOULD BE DIFFICULT FOR WASHINGTON TO CONTINUE TO REJECT NORTH KOREA'S REPEATED DEMANDS FOR BILATERAL TALKS"
(JoongAng Ilbo, July 31, page 10)

By senior journalist Kim Young-hie, reporter Park Seong-gyun and Washington correspondent Kim Jeong-wook

Senior journalist Kim Young-hie interviewed Victor Cha, professor at Georgetown University.

Victor Cha, professor at Georgetown University, has recently been named to an additional position. He is serving as the first director of the 'Korea Chair,' which is in charge of Korean affairs at the Washington-based think tank the Center for Strategic and International Studies. Professor Cha is leading an unofficial forum consisting of experts on the Korean Peninsula. I interviewed professor Cha at the CSIS conference room regarding the prospects of the stalled North Korean nuclear issue.

Kim Young-hie: "Kurt Campbell, Assistant Secretary of State for East Asian and Pacific Affairs, said in Seoul that if North Korea takes serious and irreversible steps toward nuclear dismantlement, the U.S. could offer a comprehensive package that would be attractive to North Korea. What is the comprehensive package?"

Victor Cha: "The comprehensive package will cover economic assistance including energy aid, the normalization of diplomatic relations with the U.S., and a peace treaty. However, the Obama Administration is unlikely to seek normalization of relations before North Korea achieves complete denuclearization."

KIM: "North Korea has reaffirmed that it is opposed to resuming the Six-Party Talks but it is not against dialogue with the U.S. Do you

think that the U.S. will agree to bilateral talks with North Korea and not the Six-Party Talks?"

CHA: "It is the third time since 2003 that North Korea has declared the Six-Party Talks over. It is just rhetoric. Initially the Obama Administration will concentrate its efforts on resuming the Six-Party Talks, but if North Korea repeatedly demands bilateral talks, Washington will find it difficult to continue to reject the North's demands."

KIM: Do you think that UN and U.S. sanctions against North Korea prompted North Korea to demand bilateral talks with the U.S.?

CHA: I think UN sanctions played a direct role in making North Korea turn its attention to negotiation. It was the same with the Banco Delta Asia (BDA) case. Many people believe that sanctions against North Korea during the George W. Bush Administration led to North Korea's nuclear test, while the sanctions during the Obama Administration serve to lure North Korea back to the negotiating table. This is ironic. Even if North Korea appears to come back to the negotiating table, the U.S. should not easily lift the sanctions.

KIM: There is a movie called "D-13 (Thirteen Days)," which concerns the 1962 Cuban missile crisis. (In the movie,) then-Defense Secretary Robert McNamara abruptly interrupts the fleet commander, who is about to give an order to fire on a Soviet Union naval vessel. When the commander protests by claiming the order to fire

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is just for warning, McNamara says, "What we are doing now is not a blockade of Cuba, but rather President Kennedy and Khrushchev are communicating with a new language. Are President Obama and Secretary of State Clinton communicating with North Korean leader Kim Jong-il through a unique language of sanctions and harsh rhetoric?"

CHA: I don't think so. The sanctions this time are more than rhetoric or gestures. Blockading Cuba was a temporary measure but the sanctions will be put in place until North Korea gives up its nuclear program. The Bush Administration called on the international community to join in sanctioning North Korea. However, what differs considerably this time is that the international community is obligated to slap sanctions on North Korea.

KIM: Some observers say that North Korea's nuclear test and long-range rocket launches came due to internal factors such as Kim Jong-il's ill health or power succession. Is the U.S. responding based on such understanding?

CHA: The U.S. responds to North Korea's actions, not to its internal factors. The U.S. position is that it will talk with North Korea if it seeks denuclearization, regardless of which regime comes to power. The U.S. responds to North Korea's actions, not to its intents.

KIM: During his meeting with President Obama this June, President Lee Myung-bak seemed to get the feeling that the U.S. thinks North Korea will not abandon its nuclear ambitions, regardless of economic rewards.

CHA: President Lee understood the atmosphere in Washington correctly. After the second nuclear test, many people began to think that North Korea will not abandon its nuclear ambitions. Still, the reason why the U.S. seeks negotiations with North Korea is that, although the goal is the denuclearization of North Korea, realistic efforts to freeze nuclear development at the current level are also necessary. They think that a nuclear freeze is better than doing nothing and letting (the North) advance its nuclear program.

KIM: Former U.S. Vice President Al Gore is being mentioned as a special envoy to release the two U.S. female journalists in North Korea. Is there any possibility that their release may lead to overall negotiations between the U.S. and North Korea or Pyongyang's return to the Six-Party Talks?

CHA: It is always likely, since there is no limit to the negotiations. However, it depends on who will be appointed as a special envoy. Gore would focus on negotiations over the release of the journalists, and if Jimmy Carter or Bill Clinton visits Pyongyang, the story would be totally different.

KIM: In the ROK, some people argue that the ROK-U.S. missile guidelines should be revised so as to put the entire North within missile range. Will the U.S. agree to it?

CHA: I do not think so. However, if North Korea's military capabilities continue to grow, the Pentagon will have no choice but to consider a response. Then, naturally, the issue (of extending the missile range) will inevitably rise to the surface.

If Kim Jong-il suddenly dies, it will put the succession of power to Jong-un into doubt.

KIM: Do you think that North Korea's succession plan involving Kim Jong-il's third son Jong-un will have a "soft landing"?

CHA: The succession of power to Kim Jong-un is a very difficult issue. North Korea has four factions: the military, the party, the cabinet, and the Kim family. Even in a dictatorial society, a stable power transfer takes some time, but if Chairman Kim dies suddenly, there will be no time for that. History shows that in a situation like that, many coups d'tat take place.

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KIM: Due to Kim Jong-il's health problems, the situation in North Korea is uncertain. Do (we) have emergency plans?

CHA: The Roh Moo-hyun Administration did not want to discuss this issue in depth. The Obama and Lee Administrations should have substantive talks, and in particular, they need to discuss (this matter) with China. China's partial involvement is needed to work out a viable plan.

KIM: Are such discussions with China under way?

CHA: There is no discussion at the government level (track 1). Mindful of North Korea, China is reluctant to participate in such discussions. But the private sector (track 2), including academic circles and think tanks, are unofficially showing much interest.

KIM: How about the Obama Administration's policy team on the Korean Peninsula?

CHA: Although Secretary Clinton plays a very important role, the person that deals with the North Korean nuclear issue on a day-to-day basis is Deputy Secretary James Steinberg. Clinton, Steinberg, and Campbell are the three key figures. Steinberg is very intelligent and greatly interested in the ROK, China, and Japan, while Campbell is very close to Clinton. All three attach importance to the ROK-U.S. alliance.

KIM: What are the prospects for the ROK-U.S. Free Trade Agreement (FTA)?

CHA: The only way to get the ROK-U.S. FTA ratified is for the White House to take the lead. Congress is not willing to move. Unfortunately the Obama Administration does not seem likely to take the lead due to the situation with party politics in the U.S. One way is for the ROK to sign the FTA with EU quickly and pave the way for European companies to flock to the ROK so that U.S. businesses pressure Congress out of concern that they may lose the ROK market to European companies.

STEPHENS